weekly economic review

February 28, 2014

Capital Expenditure

Oil & gas bolster investment growth

Private and public sector organizations intend to increase their investment in Alberta by 2.4% to $113.8 billion, according to the latest survey of private and public investment intentions (PPI). This represents the largest increase of all provinces, outpacing the national average of 1.4%. The PPI survey is conducted between October and January each year and asks organizations about their past and intended level of investment. The survey indicates that the oil and gas industry will be the primary growth driver, with intended investment up 3.5% over 2013 levels, reflecting gains in both conventional (+5.5%) and oilsands (+2.3%) investment. The oil and gas industry directly accounts for about 50% of all capital expenditures in the province, and over 60% of non-residential business investment (see chart).

Rigs Drililng

Mixed start to 2014

There were more than 403 active drilling rigs in Alberta in February, down 4.4% from the same month in 2013. However, drilling remains up 0.8% year-to-date, with January gains offsetting the decline in February. February is typically one of the busiest month for drilling rigs, with colder weather aiding drilling activity. At the national level, rig activity decreased 1.3% over February 2013.

Average Weekly Earnings

Ending the year on a high

Average weekly earnings (AWE) reached $1145.63 in December, up 4.6% over the same month last year and up almost 1% from November. This was the largest year-over-year increase of all the provinces. The construction industry posted notably large increases in earnings on both a year-over-year (+10.8%) basis and over the previous month (+0.8%).

Nationally, average weekly earnings reached $933.36; an increase of 2.9% y/y. The gap in AWE between Alberta and Canada hit a record of $212.27.

Real GDP

Growth accelerates in fourth quarter

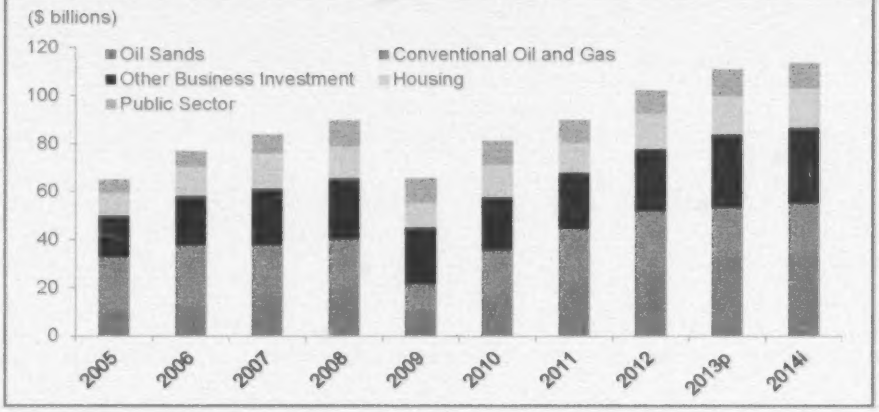
The Canadian economy grew by 2.9% (annualized) in the final quarter of 2013, up from 2.7% in the third quarter. Consumer spending advanced by 3.1%, accounting for much of the higher growth rate, helping to offset lower business investment and weak export growth. The strong finish to last year, along with sizeable upward revisions to growth in the first half of 2013, pushed annual growth in the Canadian economy to 2.0%. All major industries posted gains in output except for manufacturing (-1.6%), with the non-conventional oil and gas sector grew by 5.8% last year.

US GDP

Growth revised down

US GDP growth in the fourth quarter was revised down to 2.4% (annualized) from the earlier estimate of 3.2% growth. The downward revison was mainly the result of weaker growth estimates in consumer and government spending. Despite the lower growth, estimates of business investment growth was revised higher, to over 7% in the fourth quarter. Overall growth of the US economy is now estimated at 1.9% for 2013.

Public and Private Investment in Alberta



Source: Statistics Canada; i = intentions, p = preliminary

Closing Price	Feb 20, 2014	Feb 27, 2014	2013-14 Fiscal YTD
Canadian Dollar (US¢/$CAN)	90.06	89.77	95.42
WTI Oil ($US/bbl)	102.92	102.40	98.91
NYMEX Natural Gas($US/MMBtu)	6.06	4.51	3.98

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Alberta Economic Indicators

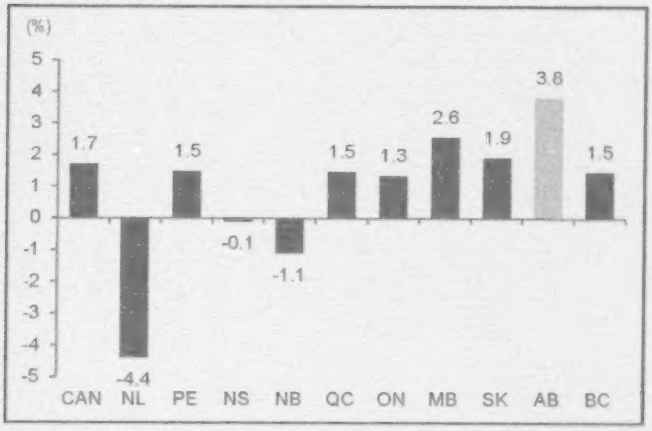
Population	2012	2013	2014YTD	Sept	Oct	Nov	Dec	Jan	Feb
Population (000's)	3,889	4,025	4,061	..	4,061	..	..	..	..
y/y % change	2.6	3.5	3.5	..	3.5	..	..	..	..
Net Interprovincial Migration[1]	27,652	52,677	10,269	..	10,269	..	..	..	..
Net International Migration[1]	40,842	52,551	16,436	..	16,436	..	..	..	..
Net Non-permanent Residents[1]	10,085	19,560	8,213	..	8,213	..	..	..	..
Labour Market									
Employment (000's), SA	2,149	2,211	2,243	2,236	2,235	2,246	2,237	2,243	..
y/y % change	2.6	2.9	3.2	3.8	3.5	3.5	3.1	3.2	..
Unemployment Rate (%), SA	4.6	4.6	4.6	4.4	4.5	4.7	4.8	4.6	..
Participation Rate (%), SA	73.4	73.1	72.8	73.1	73.0	73.3	72.9	72.8	..
NEW! Average Weekly Earnings ($), SA	1,072.75	1111.68p	..	1114.41	1126.96	1134.55	1145.63	..	..
y/y % change	3.6	3.6p	..	2.6	3.3	4.0	4.6	..	..
Price Indices									
Consumer Price Index (y/y % change)	1.1	1.4	2.7	1.3	1.0	1.7	2.1	2.7	..
Excluding food and energy	1.3	1.4	2.1	1.5	1.6	1.5	1.9	2.1	..
Non-Res. Building Cons. Price Index[2] (y/y % change)	3.8	1.2	..	1.2	..	..	1.3	..	..
Farm Product Price Index (y/y % change)	6.3	4.4	..	2.5	..	..	..	..	..
Crops	6.7	4.7	..	6.0	..	..	..	..	..
Livestock	5.9	3.9	..	10.0	..	..	..	..	..
Household Sector									
Housing Starts (SAAR, 000's)	33.3	36.0	39.2	31.2	38.1	43.7	36.2	39.2	..
y/y % change	30.7	8.2	27.7	-8.2	14.2	10.0	19.0	27.7	..
New Housing Price Index[3] (y/y % change)	1.6	2.8	..	3.1	3.0	3.1	2.9	..	..
Edmonton	0.9	0.5	..	0.2	0.3	0.0	0.2	..	..
Calgary	1.7	5.3	..	6.3	6.1	6.5	6.1	..	..
MLS Average Resale Prices ($ 000's)	362.0	380.2	397.3	383.4	381.5	388.6	389.7	397.3	..
y/y % change	2.6	5.0	4.5	7.5	3.9	5.3	4.7	7.3	..
Edmonton ($ 000's)	332.7	343.8	355.0	347.5	339.2	347.2	356.9	355.0	..
y/y % change	2.6	3.3	4.5	8.2	1.4	2.5	5.3	6.2	..
Calgary ($ 000's)	410.8	436.6	455.8	439.0	439.8	449.3	449.5	455.8	..
y/y % change	2.2	6.3	4.4	8.5	4.2	7.7	4.5	5.8	..
Retail Sales, SA (y/y % change)	6.9	6.6	..	6.5	6.6	6.6	7.3	..	..
New Motor Vehicle Sales (y/y % change)	10.5	6.2	..	2.1	6.5	5.3	7.9	..	..
NEW! Consumer Bankruptcies	5759	4689	..	375	383	323	284	..	..
y/y % change	-18.1	-18.6	..	-10.9	-21.7	-23.1	-17.9	..	..
Business Sector									
NEW! Rigs Drilling	250	235	398	251	239	233	259	392	403
y/y % change	-12.6	5.9	0.8	9.6	1.0	9.8	-9.9	6.7	4.4
Goods Exports, customs based (y/y % change)	2.9	6.9	..	13.5	16.5	10.7	13.7	..	..
Energy	3.6	9.3	..	21.1	22.6	13.6	20.3	..	..
Farm, Fishing and Intermediate Food	20.6	-8.2	..	-27.5	-14.4	-3.6	-17.6	..	..
Farm Cash Receipts (quarterly, y/y % change)	14.1	2.1	..	-3.4	..	..	..	..	..
Manufacturing Shipments, SA (y/y % change)	3.4	1.8	..	1.0	5.6	6.3	4.8	..	..
Wholesale Trade, SA (y/y % change)	10.9	2.1	..	1.2	5.0	1.1	0.2	..	..
Building Permits, SA (y/y % change)	14.8	18.8	..	29.9	22.3	0.0	17.8	..	..
Residential	18.2	19.1	..	39.5	37.6	18.7	25.4	..	..
Non-residential	-10.7	18.2	..	14.7	2.4	-20.4	8.8	..	..
NEW! Business Bankruptcies	230	137	..	13	15	8	14	..	..
y/y % change	-12.9	-40.4	..	-38.1	-16.7	-46.7	12.5	..	..

1 Quarterly, annual numbers are presented on a census year basis (July 1– June 30)
2 Quarterly, average of Calgary and Edmonton
3 Average of Calgary and Edmonton
YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year. "SA" denotes seasonally adjusted. "SAAR" denotes seasonally adjusted at annual rate.

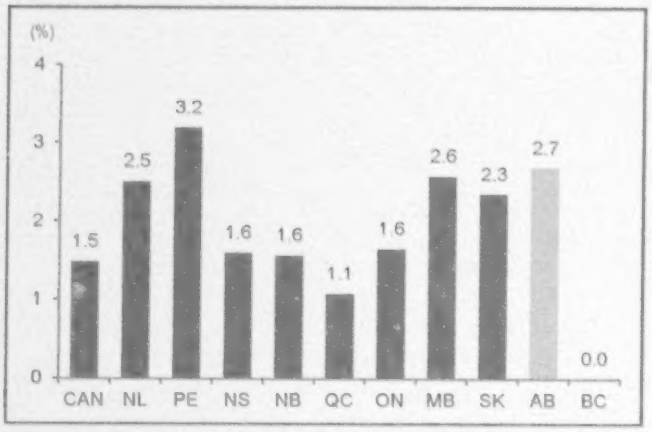
p denotes a preliminary annual number.
Sources: All data are from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canada Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (office of the superintendent of Bankruptcy Canada).
All historical data are subject to revision.

Economic Indicators by Province

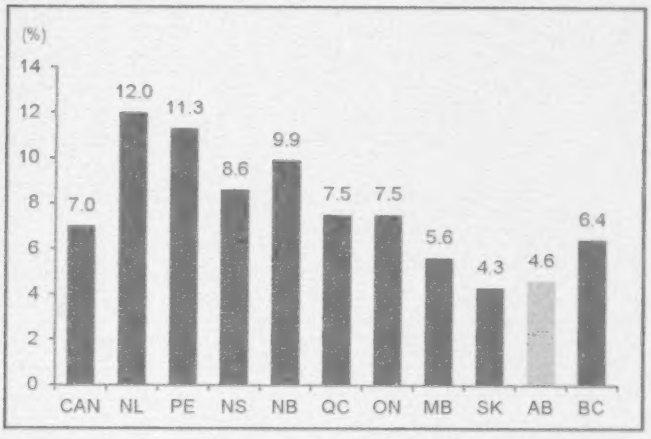
Real GDP at Market Prices
(2012, year-over-year growth)



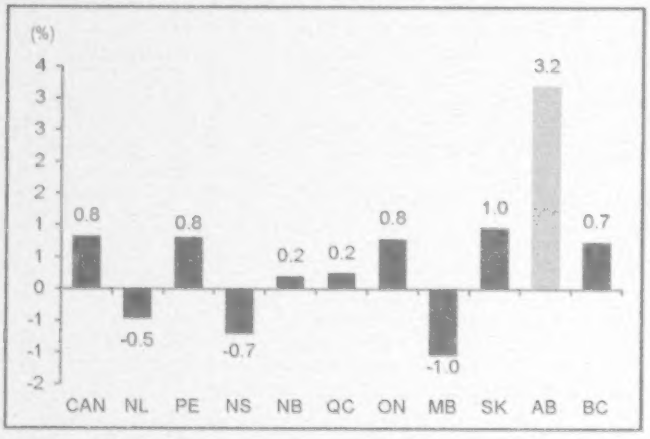
CPI Inflation
(January 2014, year-over-year growth)



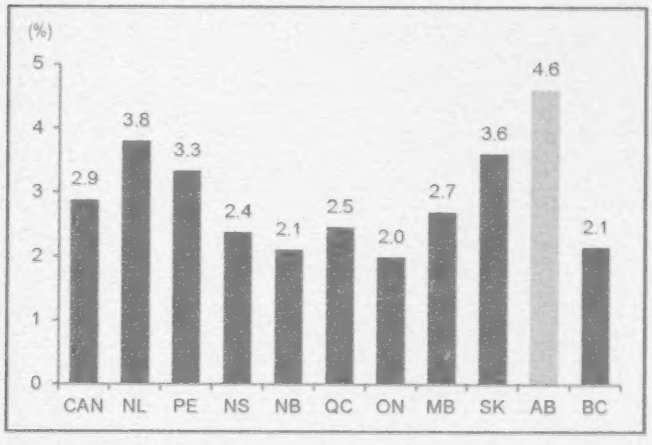
Unemployment Rate
(January 2014)



Employment
(January 2014, year-over-year growth)



Average Weekly Earnings
(December 2013, year-over-year growth)



Housing Starts
(January 2014, SAAR, year-over-year growth)